



United States Department of State

*Assistant Secretary of State  
for Economic and Business Affairs*

*Washington, D.C. 20520*

JUL 2 2005

Dear Mr. Lussier:

Thank you for your June 3 letter detailing the concerns of U.S. public pension systems. Your letter requests a list or report that identifies companies with business or financial ties to terrorist sponsoring countries. You further requested that the State Department, working in conjunction with other appropriate federal agencies, publicly disclose the identity of companies that are acting contrary to U.S. foreign policy and humanitarian interests.

We appreciate and share your concern that public pension funds have access to information that will allow them to invest in a manner they believe is consistent with U.S. national interests.

The Department of State collaborates with other government agencies that are responsible for administering U.S. federal laws and statutes related to sanctions. For example, the Office of Foreign Asset Controls (OFAC) of the Department of Treasury administers and enforces economic and trade sanctions against terrorists and those who fund terrorists. Accordingly, OFAC can impose controls on transactions and freeze foreign assets under U.S. jurisdiction. OFAC has made public its list of Specially Designated Nationals (SDNs) and entities whose property is blocked in accordance with OFAC sanctions programs. You may access this list on OFAC's website at [www.treas.gov/offices/enforcement/ofac/sdn](http://www.treas.gov/offices/enforcement/ofac/sdn). From this webpage, you can choose current, updated lists of blocked persons.

The Department of Commerce has the authority to impose export restrictions on firms or individuals that violate certain U.S. laws, including those that restrict business dealings with certain terrorist-supporting states, or prohibit activities related to the development of weapons of mass destruction. The

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Department of Commerce maintains three lists that identify such firms or individuals, as well as firms or individuals that require additional due diligence before business can be conducted with them. These lists consist of the Denied Parties List, the Entity List, and the Unverified List. The links to these lists may be found at <http://www.bis.doc.gov/ComplianceAndEnforcement/ListsToCheck.htm>.

The State Department also has the responsibility for listing entities and individuals who have been convicted of violating or conspiracy to violate the Arms Export Control Act (AECA). These persons are prohibited from participating directly or indirectly in the export of defense articles (including technical data) and defense services. The State Department's Directorate of Defense Trade Controls (DDTC) has previously published the names of these parties and their ineligibility for defense trade in the Federal Register. You may view the list of debarred individuals and entities from the DDTC website at <http://www.pmdtc.org/debar059intro.htm>. Similarly, foreign entities subject to sanctions due to their involvement in proliferation activities, pursuant to various legal authorities implemented by the State Department, are designated in the relevant Federal Register notices.

Regarding human rights concerns, the State Department's Bureau of Democracy, Human Rights, and Labor (DRL) publishes annual country reports on both human rights practices and international religious freedom. In the international religious freedom report, you can find countries that the State Department has designated as "countries of particular concern" regarding their record of religious freedom. You can access both of these reports from our public website at <http://www.state.gov/g/drl>.

In addition, the General Services Administration maintains the "Excluded Parties List System" (EPLS). The EPLS is a multi-agency list of parties excluded throughout the U.S. Government from receiving federal contracts or certain subcontracts and from receiving certain types of financial/non-financial assistance and benefits. EPLS can be accessed at [www.epls.gov](http://www.epls.gov).

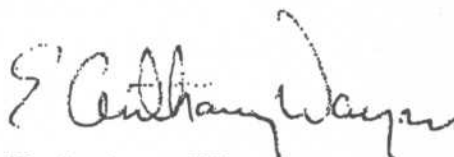
Your letter also requests that the Securities and Exchange Commission (SEC) disclose to investors information relating to companies operating in terrorist sponsoring countries. It is our understanding that the Office of Global Security Risk in the SEC's Division of Corporate Finance works to monitor whether the documents that public companies file include disclosure of material information about contacts with countries that have been

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identified by the State Department as state sponsors of terrorism (you may access a list of the state sponsors of terrorism from our public website at <http://www.state.gov/s/ct/c14151.htm>). However, the SEC advises that it cannot give investment advice, or issue guidance that might give the appearance of bias regarding the decision to invest in certain companies.

We hope that this letter is responsive to your inquiry. Please do not hesitate to contact us if we can be of any further assistance.

Sincerely,

A handwritten signature in dark ink, appearing to read "E. Anthony Wayne". The signature is fluid and cursive, with a large initial "E" and a long, sweeping underline.

E. Anthony Wayne



**UNITED STATES DEPARTMENT OF COMMERCE**  
**Under Secretary for Industry and Security**  
Washington, D.C. 20230

July 28, 2005

Mr. Thomas R. Lussier  
President  
Lussier, Gregor, Vienna  
& Associates, Inc.  
Bankers Square Building  
100 North Pitt Street, Suite 403  
Alexandria, Virginia 22314

Dear Mr. Lussier:

I am writing in response to your June 3 submission of a letter from representatives of 50 public pension funds. In that letter, the public pension funds request the creation of a comprehensive list of companies with business or financial ties in terrorist supporting countries that are "acting contrary to U.S. foreign policy and humanitarian interests."

The Department of Commerce appreciates the efforts of the public pension funds to invest in a responsible manner and to obtain information on firms that have business or financial ties to terrorist-supporting states.

The Department of Commerce has the authority to impose export restrictions on firms or individuals that violate U.S. laws, including laws that restrict business dealings with certain terrorist-supporting states, or prohibit activities related to the development of weapons of mass destruction. The Department maintains three lists that identify such firms or individuals, as well as firms or individuals that require additional due diligence before business can be conducted with them. These lists are as follows:

- The Denied Persons List identifies firms or individuals that have been denied export privileges, in whole or in part, due to violations of the Export Administration Regulations (EAR) or other U.S. laws or regulations.
- The Entity List identifies certain foreign firms or organizations that are subject to additional licensing requirements because of their involvement in certain programs of concern.
- The Unverified List imposes additional due diligence obligations on an exporter before items subject to the EAR can be shipped to identified firms or individuals.

The links to these lists, as well as to certain lists of other agencies, may be found at the following address: <http://www.bis.doc.gov/ComplianceAndEnforcement/ListsToCheck.htm>.



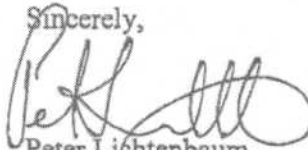
Mr. Thomas R. Lussier  
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The Departments of Treasury and State also maintain lists of firms with which certain business or financial dealings are restricted, including the Specially Designated Nationals List and the Debarred List, respectively. In addition, the State Department sanctions entities or individuals that violate certain nonproliferation laws. I understand that these agencies will respond separately to your letter.

The Department of Commerce acknowledges your request that agencies work together to create a single comprehensive database of entities with business or financial ties to terrorist-supporting nations. Please note, however, that depending on the country involved, there are certain business or financial activities involving these nations that are not prohibited by law. Publishing a U.S. Government list that identifies firms engaged in business or financial activities in these countries could be misleading and damaging to firms that have not violated any U.S. laws. Moreover, it would be difficult to develop and continuously update a list that includes firms who have not violated any U.S. laws or otherwise been officially restricted by the U.S. Government. However, the Department of Commerce will discuss with the Departments of Treasury and State whether it is possible to integrate the lists already maintained by our agencies in a manner that is accurate and that does not mislead the public regarding the restrictions imposed.

I appreciate your comments on this important issue, and hope that this information is helpful.

Sincerely,

A handwritten signature in dark ink, appearing to read 'P. Lichtenbaum', with a stylized, flowing script.

Peter Lichtenbaum  
Acting